



# COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 437  
LOS ANGELES, CA 90012



**MARK J. SALADINO**  
TREASURER AND TAX COLLECTOR

August 29, 2006

TELEPHONE  
(213) 974-2101

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(213) 626-1812

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**RECOMMENDATION TO APPROVE AMENDMENT NUMBER SIX TO  
AGREEMENT NUMBER 72748 WITH WAUSAU FINANCIAL SYSTEMS, INC.  
TO EXTEND THE TERM OF AGREEMENT  
(3 VOTES)**

**CIO RECOMMENDATION: ( X ) APPROVE ( ) APPROVE WITH MODIFICATION  
( ) DISAPPROVE**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and instruct the Mayor to sign the attached Amendment Number Six to Agreement Number 72748 (Exhibit 1) with Wausau Financial Systems, Inc. (WFS) to extend the term of the Agreement, including maintenance and support services on a month-to-month basis, at the County's option, through no later than January 31, 2007, which will increase the maximum County obligation by \$88,760 for a total of \$3,983,139 over the entire term of the Agreement.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On June 6, 2000, your Board approved an Agreement with WFS for a Remittance Processing and Image Archive System (System). This System was implemented in August 2000 and currently processes over eight (8) million payment transactions per year for various accounts receivable applications, including property tax. The Remittance Processing component of the System provides an enhanced automated payment process including, daily bank deposits, while the Image Archive component of the System supports the imaging of the payment transactions and provides a search engine to facilitate the archiving and research associated with the processed transactions.

The Treasurer and Tax Collector (TTC) is requesting that your Board approve Amendment Number Six to the Agreement, which will extend the term of the Agreement

on a month-to-month basis, at County's option, through no later than January 31, 2007. This Amendment will enable the continuation of maintenance and support services while contract negotiations with WFS for a new sole source agreement for these services is being finalized. In addition, this will provide the necessary time for WFS to complete its obligation under the current agreement to address the final deliverables associated with the workflow features of Optima 3.

Negotiations for the new agreement have been conducted over conference calls since March, 2006. Based upon these discussions, TTC and WFS met face-to-face on August 7 and 8, 2006, to negotiate the revised version of the new agreement. Due to the complexity of some provisions, it was mutually decided by WFS and TTC to extend the current agreement. Both parties are committed to reaching a successful conclusion of the last remaining issues. Upon successful completion of contract negotiations and finalization of the Image Archive component, it is TTC's intent to seek approval from your Board for this new agreement for maintenance and support services for the System.

#### Implementation of Strategic Plan Goals

The System provided by this Agreement is in accordance with this Department's approved Business Automation Plan. Successful performance and support of the System will also meet the County's Strategic Plan Goals of Organizational Effectiveness and Service Excellence.

#### **FISCAL IMPACT/FINANCING**

The maximum amount of this Amendment Number Six is \$88,760 for continuing hardware and software maintenance and support services. The Department has sufficient funds in its current budget to cover the maximum amount of the Amendment.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On June 6, 2000, your Board approved the current agreement with WFS following a competitive bid process. On five subsequent occasions, the Board approved amendments to the current agreement. Amendment Number One provided software, hardware and professional services to upgrade the Image Archive component of the System with a more robust document imaging and management system called Optima 3 IMS. Amendment Number Two provided for a hardware and system software upgrade to the Remittance Processing component of the System to accommodate the TTC's conversion to the latest supported version of the Microsoft server and client operating system software. Amendment Number Three expanded the electronic document management capabilities of the Remittance Processing and Image Archive component of the System by consolidating mail extraction and document imaging processes, extended the term of the Agreement for six (6) months to complete the System capabilities expansion, and endorsed the majority ownership transfer of WFS to the Frontenac Company, Inc. Amendment Number Four extended the Agreement to complete testing of all System enhancements during simulated as well as actual tax payment peak periods and allowed for continuation of maintenance and support services during this period. Amendment Number Five extended the term of the Agreement in order to allow WFS to

complete implementation of the Optima 3 IMS component of the System, and for County to confirm its Final Acceptance, and for continued System maintenance and support.

In accordance with Board policy requiring advance notification of prospective large sole source agreements, TTC advised your Board on March 8, 2006, of TTC's intent to enter into sole source negotiations with WFS for the provision of maintenance and support services for the Remittance Processing and Image Archive System provided by WFS.

The County's Chief Information Officer concurs with the Department's recommendation (see attached analysis). The attached Amendment Number Six has been reviewed and approved as to form by County Counsel.

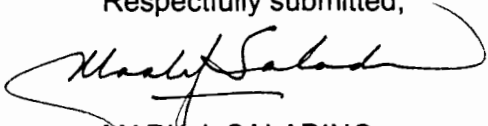
**IMPACT ON CURRENT SERVICES**

There is no impact on current services. This extension will allow for continuation of hardware and software maintenance and support services during contract negotiations between TTC and WFS for continued System maintenance and support services.

**CONCLUSION**

Instruct the Executive Officer/Clerk of the Board to return two (2) signed originals of Amendment Number Six to Agreement No. 72748 and one (1) adopted stamped Board letter to TTC.

Respectfully submitted,



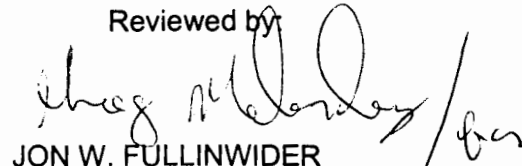
MARK J. SALADINO  
Treasurer and Tax Collector

MJS:WMH  
EVT:evt

**Attachments**

c: Auditor-Controller  
Chief Administrative Officer  
Chief Information Officer  
County Counsel

Reviewed by

  
JON W. FULLINWIDER  
Chief Information Officer

# CIO ANALYSIS

## TREASURER AND TAX COLLECTOR AMENDMENT NUMBER SIX TO AGREEMENT 72748 WITH WAUSAU FINANCIAL SYSTEMS, INC.

CIO RECOMMENDATION: ☒ APPROVE ☐ APPROVE WITH MODIFICATION  
☐ DISAPPROVE

**Contract Type:**

☐ New Contract ☒ Contract Amendment ☐ Contract Extension  
☐ Sole Source Contract ☐ Hardware Acquisition ☐ Other

New/Revised Contract Term: Base Term: 4 months # of Option Yrs       

**Contract Components:**

☐ Software ☐ Hardware ☐ Telecommunications  
☒ Professional Services

**Project Executive Sponsor:** Anthony Yakimowich, Chief Deputy

**Budget Information :**

Maximum Contract Amount	\$ 3,894,379
Requested Contract Amount	\$ 88,760
Aggregate Contract Amount	\$ 3,983,139

**Project Background:**

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved?

**Strategic Alignment:**

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Has data for this contract and/or project been entered into the Information Technology Tracking System (ITTS)? This Amendment is simply for system maintenance and support services.

**Project/Contract Description:**

The Treasurer and Tax Collector (TTC) is requesting Board approval of Amendment Number Six to Agreement 72748 with Wausau Financial Systems, Inc. (WFS). This proposed action will extend the term of the Agreement for four months on a month-to-month basis through January 2007 to support continued maintenance and support services for the existing TTC Remittance Processing and Image Archive System (System) and to allow additional time to complete negotiations for a new system maintenance and support agreement, which will be submitted for Board approval.

**Background:**

The TTC Remittance Processing and Image Archive System provides automated processing of over six million payment transactions per year for a variety of County accounts receivable applications, including property taxes, as well as document imaging and management of both payment documents and other documents in TTC.

On June 6, 2000, the Board approved an Agreement with WFS for the Remittance Processing and Image Archive System. Your Board has approved five subsequent amendments to this Agreement. Amendment One supported the upgrade of the imaging archive component to the more robust document imaging and management, Optima IMS. Amendment Two supported the migration of the remittance processing application to the latest version of Microsoft OS - Windows 2003 Server and Windows XP for the client stations. Amendment Three supported the upgrade of the existing remittance processing component of the System and approved the transfer of ownership of WFS to the Frontenac Company, Inc. Amendment Numbers Four and Five extended the Agreement to complete testing and acceptance of all System enhancements related to Optima IMS and to allow for continuation of maintenance and support services.

**Project Justification/Benefits:**

Board approval of this Amendment allows WFS additional time to fully implement Optima IMS enhancements, specifically workflow engine rules, and for the Department to fully test and certify those enhancements. The Department is currently withholding payments of \$118,000 until these enhancements are completed. In addition, this Amendment will ensure continued maintenance and support to the Remittance Processing and Image Archive System and allows additional time to complete negotiations for a new agreement, which will be submitted for Board approval.

**Project Metrics:**

Success will be measured by the successful completion of System deliverables and successful maintenance and operation of the Remittance Processing and Image Archive System.

**Impact On Service Delivery Or Department Operations, If Proposal Is Not Approved:**

The Department's ability to continue its receivable processing as well as ability to access, retrieve, and distribute information within TTC will be constrained if the Board does not approve this Amendment.

**Alternatives Considered:**

No other alternatives were considered.

**Project Risks:**

The project risks are minimal. This Amendment provides the Department with additional time to complete contractual deliverables and continue existing system maintenance and support services for this mission critical system. Finally, it allows additional time to complete negotiations for a new agreement.

**Risk Mitigation Measures:**

None.

**Financial Analysis:**

This Amendment will increase the contract sum by \$88,760 for a total of \$3,983,139. The Department indicates that they have available appropriation to pay the cost of this Amendment.

**CIO Concerns:**

None.

**CIO Recommendations:**

The CIO recommends approval of this Amendment.

**CIO APPROVAL**

Date Received:

8/14/2006

Prepared by:

Greg Melendy

Date:

8/16/2006

Approved:

Greg Melendy

Date:

8/16/2006

**AMENDMENT NUMBER SIX  
TO  
AGREEMENT FOR REMITTANCE PROCESSING AND  
IMAGE ARCHIVE SYSTEM  
(COUNTY AGREEMENT NUMBER 72748)**

This Amendment Number Six is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2006 by and between the County of Los Angeles (hereafter "COUNTY") and Wausau Financial Systems, Inc. (hereafter "CONTRACTOR" or "Wausau") and amends that certain Agreement Number 72748 for the provision of a Remittance Processing and Image Archive System (hereafter "Remittance Processing & Image Archive" or "System") dated June 6, 2000, as amended by (i) Amendment Number One for the provision of an upgrade of the Image Archive component of the System (hereafter "Replacement System Component" or "Optima 3 IMS") dated June 3, 2003, (ii) Amendment Number Two for the provision of an upgrade to the Remittance Processing component of the System (hereafter "System Upgrade") dated November 16, 2004, (iii) Amendment Number Three for the provision of an expansion of the mail processing capabilities of the Remittance Processing and Image Archive component of the System, endorsement of the transfer of majority ownership of Wausau Financial System, Inc. to Frontenac Company, Inc., and extension of the term of the Agreement for six months (hereafter "System Expansion") dated April 19, 2005, (iv) Amendment Number Four for extending the term of Agreement Number 72748 through June 30, 2006 in order to allow Wausau Financial Systems, Inc. to complete implementation of the Optima 3 IMS component of the System, and for County to confirm its Final Acceptance, and for continued System maintenance and support, and (v) Amendment Number Five for extending the term of Agreement Number 72748 through September 30, 2006 in order to allow Wausau Financial Systems, Inc. to complete implementation of the Optima 3 IMS component of the System, and for County to confirm its Final Acceptance, and for continued System maintenance and support (hereafter, collectively "Agreement").

**WHEREAS**, the term of the Agreement shall expire on September 30, 2006, and CONTRACTOR and COUNTY require additional time, through January 31, 2007, in order to complete certain deliverables and to finalize contract negotiations for the sole source agreement for System maintenance and support services; and

**WHEREAS**, COUNTY requires CONTRACTOR to provide System maintenance and support services during this extended period; and

**WHEREAS**, CONTRACTOR and COUNTY desire to amend the Agreement to increase the Contract Sum to include additional System maintenance and support services for the extended period; and

**WHEREAS**, Paragraph 6 (Change Notices and Amendments) of the Agreement provides that for any change which affects the scope of work, term, payments or any term or condition included in the Agreement, a negotiated Amendment to the Agreement shall be prepared and executed by COUNTY's Board of Supervisors and CONTRACTOR.

**NOW, THEREFORE**, in consideration of the foregoing and pursuant to Paragraph 6 (Change Notices and Amendments) of the Agreement, COUNTY and CONTRACTOR agree as follows:

1. Paragraph 5 (Term) of the body of the Agreement is amended by deleting only the first grammatical paragraph and replacing it with the following:

**5. Term:**

The term of this Agreement shall commence on the Effective Date and shall expire on September 30, 2006, unless sooner terminated, in whole or in part, as provided in this Agreement (hereafter "Initial Term"). At the end of the Initial Term, COUNTY may, at its sole option, extend the Agreement on a month-to-month basis through the earlier of January 31, 2007 or upon approval by County's Board of Supervisors of the sole source System maintenance and support services agreement with CONTRACTOR (hereafter "Extended Term"); provided that if COUNTY elects not to exercise its option to extend at the end of the Initial Term, or any Extended Term, the remaining option(s) shall automatically lapse. COUNTY shall be deemed to have exercised its extension option(s) automatically, without further act, unless COUNTY notifies CONTRACTOR in writing that it elects not to extend the Agreement further. As used throughout this Agreement, the word "term" shall include the Initial Term and any and all Extended Term(s).

2. Subparagraph 7.1 (General) of the body of the Agreement is deleted in its entirety and replaced with the following revised Subparagraph 7.1:

**7.1 General:**

The Contract Sum under this Agreement shall be the total monetary amount payable by COUNTY to CONTRACTOR for supplying all the tasks, subtasks, deliverables, goods, services and other work requested and specified under this Agreement. All work completed by CONTRACTOR must be approved in writing by COUNTY. If COUNTY does not approve work in writing, no payment shall be due CONTRACTOR for that work.

Unless the Contract Sum is modified pursuant to a duly approved Amendment to this Agreement by COUNTY's Board of



Supervisors and CONTRACTOR pursuant to Paragraph 6 (Change Notices and Amendments), the Contract Sum, including all applicable taxes, authorized by COUNTY hereunder shall not exceed the following:

(i) For Remittance Processing & Image Archive Including System Upgrade:

One Million Six Hundred Seventy-Seven Thousand Four Hundred Ninety-Four Dollars (\$1,677,494); plus up to Nine Hundred Twenty-One Thousand Seven Hundred Fifteen Dollars (\$921,715 ) for maintenance services; plus Two Hundred Thirty-Eight Thousand Nine Hundred Twenty-One Dollars (\$238,921) for other professional services; plus Forty-One Thousand Seven Hundred Fourteen Dollars (\$41,714) for System Upgrade, Implementation and installation services; for a total amount of up to Two Million Nine Hundred Thirty-Nine Thousand Five Hundred Sixty-One Dollars (\$2,939,561).

(ii) For Optima 3 IMS:

Four Hundred Fifty-Five Thousand Three Hundred Sixty-One Dollars (\$455,361) plus Two Hundred Thirty-Seven Thousand Four Hundred Twenty-Three Dollars (\$237,423) for maintenance services plus Three Hundred Twenty-One Thousand Seven Hundred Fifty-One Dollars (\$321,751) for other professional services, which shall include, but not be limited to, additional licenses at the fixed price set forth in Attachment B.1 (Schedule of System Hardware and Software - Optima 3 IMS) of Exhibit A.1 (Statement of Work - Optima 3 IMS), for a total amount of One Million Forty-Three Thousand Five Hundred Seventy-Eight Dollars (\$1,043,578).

Notwithstanding any provision of this Subparagraph 7.1, CONTRACTOR shall fully perform and complete all work required of CONTRACTOR by this Agreement in exchange for the amounts to be paid to CONTRACTOR as set forth in this Agreement.

CONTRACTOR shall maintain a system of record keeping that will allow CONTRACTOR to determine when it has incurred seventy-five percent (75%) of the total Contract Sum authorized under this Agreement. Upon occurrence of this event, CONTRACTOR shall send written notification to COUNTY at the address herein provided in Paragraph 63 (Notices).



**IN WITNESS WHEREOF**, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Mayor and the seal of such Board to be affixed and attested by the Executive Officer, and CONTRACTOR has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

**COUNTY OF LOS ANGELES**

By \_\_\_\_\_  
Mayor, Board of Supervisors

**CONTRACTOR**

Wausau Financial Systems, Inc.

By   
Signature

J. E. STODDARD  
Print Name

VP, Contracts  
Title

7/14/06

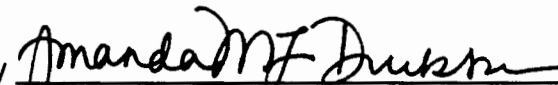
ATTEST:

SACHI A. HAMAI  
Executive Officer  
Of the Board of Supervisors

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.  
County Counsel

by   
AMANDA M. L. DRUKKER  
Senior Associate County Counsel

**EXHIBIT B**  
**Schedule of Payments**  
**Remittance Processing and Image Archive**

Deliverable 18.7	Post Implementation Review Document – System Upgrade	\$0
<b>Deliverable 19 (Key)</b>	<b>Completion and Documentation of Performance Benchmark Verification – System Upgrade</b>	<b>\$ <u>16,533</u></b>
<b>Subtotal (Deliverables 12-19)</b>		<b>\$ 68,505</b>
<b>V.</b>	<b>IMPLEMENTATION AND INSTALLATION SERVICES – System Upgrade</b>	<b>\$ 41,714<sup>(1)</sup></b>
<b>VI.</b>	<b>MAINTENANCE SERVICES – System Upgrade</b>	<b>\$ <u>0</u><sup>(2)</sup></b>
<b>TOTAL – SYSTEM UPGRADE</b>		<b>\$ 110,219</b>
<b>VII.</b>	<b>TERM EXTENSION – Amendment No. 3</b>	<b>\$ 252,598</b>
<b>VIII.</b>	<b>TERM EXTENSION – Amendment No. 4</b>	<b>\$ 93,000</b>
<b>IX.</b>	<b>TERM EXTENSION – Amendment No. 5</b>	<b>\$ 38,900</b>
<b>X.</b>	<b>TERM EXTENSION – Amendment No. 6</b>	<b>\$ <u>59,717</u></b>
<b>GRAND TOTAL – Remittance Processing &amp; Image Archive</b>		<b>\$2,939,561</b>

Note: Key deliverables are so designated

<sup>(1)</sup> Billable upon completion and County's approval of Deliverable 18.3.

<sup>(2)</sup> There was no net increase in maintenance costs for System Upgrade. The increased cost for new system hardware and system software is offset by a corresponding decrease in cost for items being removed. Therefore, the Contract's allocated funding as delineated in Paragraph 7 (Contract Sum) of the body of the Agreement for maintenance remains unchanged.

**EXHIBIT B.1**  
**Schedule of Payments**  
**Optima 3 IMS**

II.	<b>Other Professional Services</b>	\$ 34,751
III.	<b>Maintenance Services</b>	\$ 97,266
IV.	<b>System Upgrade</b>	\$ 320,000
V.	<b>Term Extension – Amendment No. 3</b>	\$ 93,959
	i. System Enhancement \$51,402	
	ii. Extended Maintenance \$42,557	
VI.	<b>Term Extension – Amendment No. 4</b>	\$ 44,900
VII.	<b>Term Extension – Amendment No. 5</b>	\$ 19,700
VIII.	<b>Term Extension – Amendment No. 6</b>	\$ <u>29,043</u>
	<b>GRAND TOTAL</b>	<b>\$1,043,578</b>

Note: Key deliverables are so designated in **Bold** font.